

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice FSFL-14**

**For:** State and County Offices

**Change in Farm Storage Facility Loan (FSFL) Down Payment Requirement**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

On October 6, 2000, Secretary Glickman announced that the FSFL Program will be expanded to include structures designed to store silage. However, the silage provision will not be implemented until publication of a final rule in FR.

In addition, the required down payment for loans will be reduced from 25 percent to 15 percent. The policy change for the FSFL down payment requirement will be implemented immediately.

**B**

**Purpose**

This notice informs State and County Offices of the:

- FSFL down payment policy change
- instructions to implement this change.

**C**

**Effective Date  
for FSFL  
Applications**

The provisions of this notice are effective for new FSFL applications and FSFL applications for which CCC-186 has not been prepared as of the date of receipt of this notice.

The provisions of this notice are not retroactive for any loan that:

- CCC-186 has been prepared in the System 36
- CCC-186 has been signed by the borrower
- has been previously disbursed.

**Disposal Date**

October 1, 2001

**Distribution**

State Offices; State Offices relay to County  
Offices

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### 2 Policy Change

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#### A

#### **Determining FSFL Loan Amount**

The reduction in the down payment will be reflected in the percent of the net cost according to 1-FSFL, subparagraph 15 C. The principal amount of any FSFL shall be 85 percent or less of the net cost of the applicant's needed storage or handling equipment, not to exceed \$100,000.

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### 3 County Office Action

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#### A

#### **Applications Not Approved**

For FSFL CCC-185 applications that have been signed by the applicant, including FSFL applications that have been entered into the System 36, but **not** approved by the COC or STC, County Offices shall:

- inform the applicant of the policy change
  - obtain the applicant's verbal concurrence to change the amount of the loan requested
  - change the amount in item 3 of the manual or System 36 printed CCC-185
  - initial and date the change in item 3
  - change the loan amount requested according to 1-FSFL, subparagraph 318 B, for CCC-185's that have been entered into the System 36
  - revise any financial analysis that has been completed to determine the applicant's ability to repay the new loan amount
  - continue normal processing of the loan application.
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### 3 County Office Action (Continued)

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#### **B Applications Approved, but CCC-186 Not Prepared**

For FSFL CCC-185 applications that have been approved and funded, including those where final cost evidence has been submitted, but CCC-186 has **not** been prepared, County Offices shall:

- inform the applicant:
  - of the policy change
  - that an increase in the loan amount will require COC approval
  - that the increased amount is subject to the availability of funds
  - of the time required to request and receive additional funds
- obtain the applicant's concurrence to request an increase in the amount of the loan
- revise financial analysis conducted to determine the applicant's ability to repay the new loan amount
- resubmit the FSFL application to COC for consideration
- document in the COC meeting minutes that the request was based on the policy change concerning the down payment amount if COC approves the increase
- follow 1-FSFL, subparagraph 334 B to increase a funded CCC-185 amount.

#### **C CCC-186 Prepared, but Not Signed by Borrower**

For FSFL applications where the CCC-186 has been prepared, but CCC-186 has **not** been signed by the borrower and the loan has **not** been closed, County Offices shall inform the borrower at closing that:

- loan processing has progressed too far to change the loan amount
- the FSFL application may be withdrawn, but a new FSFL application for the same storage facility cannot be requested.

### 4 State and County Office Action

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#### **A Publicity**

State and County Offices shall immediately publicize the contents of this notice by all available means.

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